



**AIRCRAFT OWNERS AND PILOTS ASSOCIATION**

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**Testimony of Bryan Budds from the Aircraft Owners and Pilots Association (AOPA) in Support  
of House Bills 4571 and 4572**

Before the *Michigan* House Transportation and Infrastructure Committee

April 17, 2013

Chairman Schmidt and Committee Members,

Thank you for accepting this testimony on behalf of the more than 10,400 AOPA members in Michigan. As the State begins its comprehensive examination of the overall transportation infrastructure, AOPA members are pleased to see the Legislature's consideration of House Bills 4571 and 4572 which ensure that the State's aviation infrastructure remains part of that discussion.

Over the past ten years, aviation funding in Michigan has been at a crossroads where aviation fuel tax rates – the combined 6% sales tax and \$0.03/gallon excise tax – remain among the highest in the country while state investment in its aviation infrastructure remains limited due to an unpredictable and unsustainable funding stream. This predicament has incentivized both the State's pilots and transient pilots to forgo purchasing fuel in Michigan, through flight planning systems that take fuel cost into consideration, in favor of other more competitively taxed states – limiting not only state revenue generation for airport improvements, but also the business activity at the more than 115 fixed base operators in Michigan.

House Bills 4571 and 4572 address this problem by modifying the current two-tax scheme into a simple, single, and sustainable system of airport funding supported by the users of that system. The bills also adjust Michigan's effective aviation fuel tax rate from 4<sup>th</sup> highest in the country to the 17<sup>th</sup> most expensive – making Michigan's fuel tax rates more nationally competitive and in turn generating a net gain in state revenue through increased aviation activity. With this stable revenue stream, MDOT Aeronautics will have adequate resources needed to make capital improvements to critical aviation infrastructure while also ensuring the State's tax rates remain competitive – allowing the fixed base operators, local, and transient pilots to continue supporting the Michigan aviation industry which generates thousands of jobs and more than \$4.1 billion in economic activity across the State.

Thank you for this opportunity to testify and I welcome any questions you may have.